



DEPARTMENT OF ENERGY

Western Area Power Administration

Salt Lake City Area Integrated Projects – Rate Order No. WAPA-199

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of rate order concerning fixed firm power rates.

SUMMARY: The fixed firm power rates for the Salt Lake City Area Integrated Projects (SLCA/IP) (Provisional Rates) have been confirmed, approved, and placed into effect on an interim basis. Based on the FY 2021 financial toll on the Upper Colorado River Basin Fund (Basin Fund) and the drought-impacted purchased power projections from the Bureau of Reclamation (Reclamation) *August 2021 24-Month Study* for FY 2022 and FY 2023 and the August 2021 Colorado River Simulation System (CRSS) traces for FY 2024 through FY 2026, existing rates will not sustain a balance in the Basin Fund capable of supporting operations. The Colorado River Storage Project Management Center (CRSP MC) of the Western Area Power Administration (WAPA) is implementing a new SLCA/IP firm power rate, effective December 1, 2021, through December 31, 2023.

DATES: The Provisional Rates under Rate Schedule SLIP-F12 are effective on the first day of the first full billing period beginning on or after December 1, 2021, and will remain in effect through December 31, 2023, pending confirmation and approval by the Federal Energy Regulatory Commission (FERC) on a final basis or until superseded.

FOR FURTHER INFORMATION CONTACT: Tim Vigil, CRSP Manager, Colorado River Storage Project Management Center, Western Area Power Administration, 1800 South Rio Grande Avenue, Montrose, CO 81401, or email: CRSPMC-rate-adj-@wapa.gov, or Thomas Hackett, Rates Manager, 801-524-5503, or e-mail: CRSPMC-rate-adj@wapa.gov.

SUPPLEMENTARY INFORMATION: On December 17, 2020, FERC confirmed and approved Rate Schedules SLIP-F11 (SLCA/IP Firm Power), SP-NW5 (Network Integration

Transmission Service), SP-PTP9 (Firm Point-to-Point Transmission Service), SP-NFT8 (Non-Firm Point-to-Point Transmission Service), SP-UU2 (Unreserved Use Penalties), SP-EI5 (Energy and Generator Imbalance Services), SP-SSR5 (Operating Reserves – Spinning and Supplemental Reserve Services), and SP-SS1 (Sale of Surplus Products) under Rate Order No. WAPA-190 (WAPA-190) on a final basis through September 30, 2025.¹

WAPA published a *Federal Register* notice (Proposed FRN) on June 28, 2021 (86 FR 34002), proposing modifications to only the firm power rate schedule (SLIP-F11) established under WAPA-190. CRSP MC did not propose any changes to the transmission and ancillary services rate schedules established under WAPA-190, and they remain effective under WAPA-190 through September 30, 2025. The Proposed FRN also initiated a public consultation and comment period and set forth the date and location of the public information and public comment forums.

WAPA is implementing the firm power rate under Rate Schedule SLIP-F12 to address worsening drought conditions in the southwestern United States and volatile purchased power costs. The rates will go into effect December 1, 2021, and remain in effect until December 31, 2023, or until WAPA supersedes or changes the rates through another public rate process pursuant to 10 CFR part 903, whichever occurs first. The CRSP MC is only implementing the rate for 25 months to continue collaborative conversations with customers and interested parties on the most effective use of available generation and long-term strategies for managing the cost of purchased power. CRSP MC is basing FY 2022 and FY 2023 energy sales in the rate-setting Power Repayment Study (PRS) on the Reclamation *August 2021 24-month Study*, and FY 2024 through FY 2026 sales on the CRSS traces and is forgoing purchased power in the rates. Forgoing purchased power decreased the projected rate increase from 50 percent to 11 percent. CRSP MC will not be purchasing firming power to meet Sustainable Hydropower (SHP) levels

¹ Order Confirming and Approving Rate Schedules on a Final Basis, FERC Docket No. EF20-7-000, 173 FERC ¶ 61,230 (2020).

as it has in the past. Calculated sales for the effective period of the rate will be limited to forecasted generation, referred to as the Deliverable Sales Amount (DSA). The DSA levels will be updated quarterly and provided to customers for power scheduling and billing purposes. These quarterly updates do not impact the rates. CRSP MC will firm to the DSA level if necessary. For those customers who elect, CRSP MC will offer Western Replacement Firming (WRF) purchased power to customers, as a pass-through cost at market rates, to firm to SHP levels. Customers electing not to take WRF will receive the DSA.

Legal Authority

By Delegation Order No. 00-037.00B, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to the WAPA Administrator; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, or to remand or disapprove such rates, to FERC. By Delegation Order No. S1-DEL-S4-2021, effective February 25, 2021, the Acting Secretary of Energy also delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Under Secretary for Science (and Energy). By Redelegation Order No. S4-DEL-OE1-2021, effective March 25, 2021, the Acting Under Secretary for Science (and Energy) redelegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Assistant Secretary for Electricity. By Redelegation Order No. 00-002.10-05, effective July 8, 2020, the Assistant Secretary for Electricity further redelegated the authority to confirm, approve, and place such rates into effect on an interim basis to WAPA's Administrator. This redelegation order, despite predating the February 2021 and March 2021 delegations, remains valid. This rate action is issued under Redelegation Order No. 00-002.10-05 and Department of Energy procedures for public participation in rate adjustments set forth at 10 CFR part 903.¹

Following review of CRSP MC's proposal, I hereby confirm, approve, and place Rate Order

¹ 50 FR 37835 (Sept. 18, 1985) and 84 FR 5347 (Feb. 21, 2019).

No. WAPA-199, which provides the fixed rates for firm power, into effect on an interim basis.

WAPA will submit Rate Order No. WAPA-199 to FERC for confirmation and approval on a final basis.

**DEPARTMENT OF ENERGY
ADMINISTRATOR, WESTERN AREA POWER ADMINISTRATION**

In the Matter of:)
Western Area Power Administration)
Colorado River Storage Project Management Center)
Rate Adjustment for the Salt Lake City Area) Rate Order No. WAPA-199
Integrated Projects Fixed Firm Power Rates)

**ORDER CONFIRMING, APPROVING, AND PLACING THE SALT LAKE CITY
AREA INTEGRATED PROJECTS FIXED FIRM POWER RATES INTO EFFECT ON
AN INTERIM BASIS**

The fixed rates in Rate Order No. WAPA-199 are established following section 302 of the Department of Energy (DOE) Organization Act (42 U.S.C. 7152).¹

By Delegation Order No. 00-037.00B, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to the Western Area Power Administration's (WAPA) Administrator; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve on a final basis, remand, or disapprove such rates to FERC. By Delegation Order No. S1-DEL-S4-2021, effective February 25, 2021, the Acting Secretary of Energy also delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Under Secretary for Science (and Energy). By Redelegation Order No. S4-DEL-OE1-2021, effective March 25, 2021, the Acting Under Secretary for Science (and Energy) redelegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Assistant Secretary for Electricity. By Redelegation Order No. 00-002.10-05, effective July 8, 2020, the Assistant Secretary for Electricity further delegated the authority to confirm, approve, and place such rates into effect on an interim

¹ This Act transferred to, and vested in, the Secretary of Energy the power marketing functions of the Secretary of the Department of the Interior and the Bureau of Reclamation (Reclamation) under the Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), as amended and supplemented by subsequent laws, particularly section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)); and other acts that specifically apply to the project(s) involved.

basis to WAPA's Administrator. This redelegation order, despite predating the February 2021 and March 2021 delegations remains valid. This rate action is issued under Redelegation Order No. 00-002.10-05 and DOE procedures for public participation in rate adjustments set forth at 10 CFR part 903.¹

Acronyms, Terms, and Definitions

As used in this Rate Order No. WAPA-199, the following acronyms, terms, and definitions apply:

<u>Basin Fund:</u>	Upper Colorado River Basin Fund.
<u>Capacity:</u>	The electric capability of a generator, transformer, transmission circuit, or other equipment. It is expressed in kilowatts (kW) or megawatts (MW).
<u>Capacity Rate:</u>	The rate which sets forth the charges for capacity. It is expressed in dollars per kilowatt-month and applied to each kilowatt delivered to each Customer.
<u>CDP:</u>	Customer Displacement Power.
<u>Composite Rate:</u>	The Power Repayment Study (PRS) rate for commercial firm power, which is the total annual revenue requirement for capacity and energy divided by the total annual energy sales. It is expressed in mills per kilowatt-hour and used only for comparison purposes.
<u>CRC:</u>	Cost Recovery Charge.
<u>CROD:</u>	Contract Rate of Delivery. The maximum amount of capacity made available to a preference Customer for a period specified under a contract.
<u>Customer:</u>	Firm electric service customer(s) contractually receiving SLCA/IP power and energy.
<u>CY:</u>	Calendar Year. When used in the CRC it is the 12-month period the CRC is in effect.
<u>DSA:</u>	Deliverable Sales Amount – marketable

¹ 50 FR 37835 (Sept. 18, 1985) and 84 FR 5347 (Feb. 21, 2019).

generation level, above which WAPA will forgo purchased power.

Energy Rate:

The rate which sets forth the charges for energy. It is expressed in mills/kWh and applied to each DSA kWh delivered to each Customer.

Firm:

A type of product or service available at the time requested by the Customer.

FY:

Fiscal Year, October 1 to September 30.

GWh:

Gigawatt-hour – the electrical unit of energy that equals 1 billion watthours or 1 million kWh.

Integrated Projects:

The resources and revenue requirements of the Collbran, Dolores, Rio Grande, and Seedskadee projects blended with the CRSP to create the SLCA/IP resources and rate.

kW:

Kilowatt – the electrical unit of capacity that equals 1,000 watts.

kWh:

Kilowatt-hour – the electrical unit of energy that equals 1,000 watts in 1 hour.

kWmonth:

Kilowatt-month – the electrical unit of the monthly amount of capacity.

MAF:

Million Acre-Feet. The amount of gallons of water required to cover 1 million acres, 1 foot in depth.

Mill:

A monetary denomination of the United States that equals one tenth of a cent or one thousandth of a dollar.

Mills/kWh:

Mills per kilowatt-hour – the unit of charge for energy.

MW:

Megawatt – the electrical unit of capacity that equals 1 million watts or 1,000 kilowatts.

MWh:

One million watt-hours of electric energy. A unit of electrical energy which equals 1 megawatt of power used for 1 hour.

NEPA:

National Environmental Policy Act of 1969, as amended.

OASIS:

Open Access Same-Time Information System –

	An electronic posting system that a service provider maintains for transmission access data that allows all Customers to view information simultaneously.
<u>O&M:</u>	Operations and Maintenance.
<u>OM&R:</u>	Operations, Maintenance and Replacements.
<u>Power:</u>	Capacity and energy.
<u>Project Use:</u>	Power used to operate SLCA/IP and CRSP facilities under Reclamation Law.
<u>Provisional Rate:</u>	A rate confirmed, approved, and placed into effect on an interim basis by the Secretary or his/her designee.
<u>Rate Brochure:</u>	A document prepared for public distribution explaining the rationale and background for the information contained in this rate order.
<u>Ratesetting PRS:</u>	The Power Repayment Study (PRS) used for the rate adjustment period.
<u>Revenue Requirement:</u>	The revenue required to recover O&M expenses, purchased power and transmission service expenses, interest, deferred expenses, and repayment of Federal investments, or other assigned costs.
<u>SHP:</u>	Sustainable Hydropower (long-term SLCA/IP hydro capacity with energy).
<u>SLCA/IP:</u>	Salt Lake City Area Integrated Projects.
<u>WL:</u>	Waiver Level.
<u>Work Plan:</u>	An estimate of costs that are expected to become the Congressional Budget for WAPA and Reclamation. Also known as a Work Program.
<u>WRF:</u>	Western Replacement Firming.
<u>WRP:</u>	Western Replacement Power.

Effective Date

The Provisional Rate Schedule SLIP-F12 will take effect on the first day of the first full billing period beginning on or after December 1, 2021, and will remain in effect

through December 31, 2023, pending approval by FERC on a final basis or until superseded.

Public Notice and Comment

The CRSP MC followed the *Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions*, 10 CFR part 903, in developing these fixed rates. Following are the steps CRSP MC took to involve interested parties in the rate process:

1. On June 28, 2021, a *Federal Register* notice (86 FR 34002) (Proposal FRN) announced the proposed rates and launched the 65-day public consultation and comment period. The comment period was reduced from the customary 90-day period due to the \$20 million financial impact of not implementing the rate by December 1, 2021.
2. On June 28, 2021, CRSP MC notified Customers and interested parties of the proposed rates and provided a copy of the published Proposal FRN.
3. On July 7, 2021, CRSP MC held a virtual public information forum. CRSP MC representatives explained the proposed fixed rates, answered questions, and gave notice that more information was available in the Rate Brochure.
4. On July 28, 2021, CRSP MC held a virtual public information forum on purchased power and WRF. CRSP MC representatives explained the process used to project purchase power, how WRF will be implemented, answered questions, and gave notice that more information would be available in a subsequent version of the Rate Brochure and provided points of contact for additional questions on WRF implementation.
5. On July 29, 2021, CRSP MC held a virtual public information forum on the CRC. CRSP MC representatives explained the purpose of the CRC, the need for changes,

- how it is calculated and implemented, answered questions, and gave notice that more information was available in the Rate Brochure.
6. On August 11, 2021, CRSP MC held a virtual public comment forum. This provided Customers and other interested parties an opportunity to provide official comments for the record.
 7. On August 13, 2021, CRSP MC posted responses to questions asked during the August 11, 2021, virtual public comment forum on the rate action website and notified the Customers and interested parties via email.
 8. CRSP MC provided a website that contains all dates, Customer letters, presentations, FRNs, Rate Brochure, and other information about this rate process. The rate action website is located at www.wapa.gov/regions/CRSP/rates/Pages/rate-order-199.aspx.
 9. During the 65-day consultation and comment period, which ended on August 31, 2021, CRSP MC received 10 oral comments at the August 11, 2021, virtual public comment forum, and seven comment letters. All comments from the virtual public comment forum were addressed by WAPA via email and/or responses were posted to the rate action website on August 13, 2021. The comments and CRSP MC responses are addressed in the Comments section and have been considered in the preparation of this Rate Order No. WAPA-199.

Oral comments were received from the following organizations:

Colorado River Energy Distributors Association (CREDA)
Utah Associated Municipal Power Systems (UAMPS)
Arizona Electric Power Cooperative (AEPCO)

Written comments were received from the following organizations:

Colorado River Energy Distributors Association (CREDA)
Arizona Electric Power Cooperative (AEPCO)
Municipal Energy Agency of Nebraska (MEAN/NMPP)
Platte River Power Authority (PRPA)
Tri-State Generation and Transmission Association, Inc. (TRI-STATE)
Utah Rural Electric Cooperative Association (URECA)
Utah Municipal Power Agency (UMPA)

10. CRSP MC received comments on the original Rate Brochure. Comments were addressed in subsequent versions of the Rate Brochure.
11. CRSP MC provided a second consultation and comment period from September 22 through October 6, 2021. This comment period facilitated Customer feedback in reference to purchased power and generation updates. The comments and CRSP MC responses are addressed in the Comments section, and all comments have been considered in the preparation of this Rate Order No. WAPA-199.

Written comments were received from the following organizations:

Colorado River Energy Distributors Association (CREDA)
Platte River Power Authority (PRPA)

Power Repayment Study - Firm Power Service Rate Discussion

CRSP MC prepares PRSs each FY to determine if revenues will be sufficient to repay, within the required time, all costs assigned to the SLCA/IP. Repayment criteria are based on applicable laws and legislation, as well as policies including DOE Order RA 6120.2. To meet the cost recovery criteria outlined in DOE Order RA 6120.2, a revised PRS and rate adjustment have been developed to demonstrate that sufficient revenues will be collected under the Provisional Rate to meet future obligations. The revenue requirement and composite rate for SLCA/IP firm power service are being increased, as indicated in Table 1:

Table 1 - Comparison of Revenue Requirements and Composite Rates

Firm Power Service	Existing Requirements (October 1, 2020)	Provisional Requirements (December 1, 2021)	Percent Change
Revenue Requirement (million \$)	\$173.511	\$181,197	+4.4%
Composite Rate (mills/kWh)	27.45	30.51	+11.1%

Under the existing rate methodology, rates for firm power service are designed to

recover an annual revenue requirement that includes power investment repayment, aid to irrigation repayment, interest, O&M, replacements, and other expenses within the allowable period.

Firm Power Service - Existing and Provisional Rates

CRSP MC is implementing this rate action primarily in response to a large increase in purchased power costs due to worsening drought conditions in the southwestern United States and an increase to OM&R expenses.

CRSP MC is basing sales in the rate on forecasted generation in Reclamation's *August 2021 24-month Study* for the effective period of the rate and is subsequently forgoing purchased power in the Ratesetting PRS. Forgoing purchased power mitigates the projected rate increase from 50-percent down to 11-percent. CRSP MC will not automatically purchase firming power to SHP levels. For those Customers who elect, CRSP MC will purchase WRF power as a pass-through cost, at market rates, up to SHP levels. CRSP MC will purchase power to firm to the forecasted generation level, referred to as the DSA. The DSA will be updated quarterly as shown in Table 2. Customers will have at least 14 days to affirmatively select WRF for each quarter. Quarterly notices provide flexibility in responding to changes in hydrology and will not impact the rates. Customers can elect the full quarter or specific months within the quarter.

Table 2 – Quarterly DSA Adjustment Schedule

Quarter Impacted	Reclamation 24-Month Study	Notify Customers by:
December 2021	August 2021	mid-October 2021
January - March 2022	November 2021	Est: November 20, 2021
April – June 2022	February 2022	Est: February 20, 2022
July – September 2022	May 2022	Est: May 20, 2022
October – December 2022	August 2022	Est: August 20, 2022
January – March 2023	November 2022	Est: November 20, 2022
April – June 2023	February 2023	Est: February 20, 2023
July – September 2023	May 2023	Est: May 20, 2023
October - December 2023	August 2023	Est: August 20, 2023

CRSP MC provided information on the implementation process of the WRF and DSA in the Rate Brochure, at the virtual public information forum, at a virtual purchased power forum, and replied to questions from the virtual public comment forum via email. This information was published on the rate action website at:
www.wapa.gov/regions/CRSP/rates/Pages/rates.aspx.

A comparison of the existing and provisional rates for firm power service is listed in Table 3. The Provisional Rate is a fixed rate that will go into effect December 1, 2021, and remain in effect through December 31, 2023, or until WAPA supersedes or changes the rates through another public rate process pursuant to 10 CFR part 903, whichever occurs first.

Table 3 - Comparison of Existing and Provisional Rate

Firm Power Service	Existing Charges Under Rate Schedule SLIP-F11 as of October 1, 2020	Provisional Charges Under Rate Schedule SLIP-F12 as of December 1, 2021	Percent Change
Firm Energy Rate (mills/kWh)	11.43	12.36	+8.1%
Firm Capacity Rate (\$/kWmonth)	4.85	5.25	+8.3%

Statement of Revenue and Related Expenses

Table 4 provides a comparison of the average annual expense data for the firm power service revenue requirement through the rate-setting period. The purchase power shown in the table reflects purchase power costs for October and November 2021 that fall under the SLIP F11 rates. There is no projected purchase power amount included in the rate for service from December 2021 through December 2026.

Table 4 - Annual Revenue Requirements and Firm Power Rates Comparison Table

	Existing Rate (\$000)	Provisional Rate (\$000)	Difference (\$000)
Rate Setting Period	2021 – 2038	2022 – 2045	
<u>Revenue Distribution:</u>			
Expenses:			
O&M	\$97,352	\$103,095	\$5,743
Purchase Power	\$1,119	\$833	\$(286)
Transmission	\$8,998	\$8,984	\$(14)
Integrated Projects requirements	\$6,485	\$7,043	\$558
Interest	\$6,066	\$6,207	\$141
Other	\$17,909	\$13,547	\$(4,362)
Total Expenses	\$137,928	\$139,709	\$1,781
Principal Payments:			
Capitalized Expenses (deficits)	\$0	\$838	\$838
Replacements	\$26,918	\$29,581	\$2,663
Original Project and Additions	\$2,484	\$1,846	\$(638)
Irrigation	\$6,181	\$9,223	\$3,042
Total Principal Payments	\$35,583	\$41,488	\$5,905
Annual Revenue Requirement	\$173,511	\$181,197	\$7,686

The rates would provide sufficient revenue to recover annual O&M expenses, replacement

expenses, interest expense, irrigation assistance, and capital repayment requirements within the cost recovery criteria set forth in Department of Energy (DOE) Order No. RA 6120.2.

Purchased power required to supplement hydropower deliveries up to contractual levels will be passed through to Customers under a separate charge, WRF, which would be in addition to the rate for hydropower deliveries. Any Customer not receiving WRF will not be charged the purchased power charge and would receive its proportionate amount of the DSA capacity and energy from WAPA each month.

SLCA/IP FIRM POWER RATE:

The revenue requirement for Rate Schedule SLIP-F12 is based on current data available, specifically the FY 2020 historical financial data, FY 2022 Work Plan for WAPA, FY 2023 Work Plan for Reclamation, and Reclamation's *August 2021 24-Month Study* (24-month Study) and Colorado River Simulation System (CRSS) traces.

Under rate schedule SLIP-F12, WAPA will use the Reclamation *August 2021 24-Month Study* to determine generation and projected sales for the 2 rate years (FYs 22-23) and CRSS for FYs 24-26 of the rate-setting period. Additionally, the rate schedule includes actions WAPA will take should Lake Powell's water level drop below the level at which power can be generated.

COST RECOVERY CHARGE:

WAPA will retain the CRC as a mechanism to use, if necessary, to adequately recover and maintain a sufficient balance in the Basin Fund in the event projected expenses significantly exceed projected revenue estimates. The Basin Fund is a revolving fund that operates using CRSP MC power revenues without annual appropriations. The CRC is an additional surcharge on all long-term energy sales provided under the WAPA SLCA/IP firm electric service contracts. The CRC may be implemented when, among other things, the Basin Fund cash balance is at risk due to low hydropower generation, high prices for firming power, or emergency capitalized investment funding. The CRC is independent of the SLCA/IP PRS calculations.

WAPA reserves the right to implement a CRC at any point throughout the year using

guidance from the existing implementation criteria in Table 5 and the latest 24-month Study from Reclamation. An established CRC would be in effect for 12 months from the date implemented. If circumstances dictate the need to reassess an established CRC, the updated CRC will supersede the previous CRC and remain in effect for 12 months. The CRC is implemented at WAPA's discretion based on the balance of the Basin Fund and WAPA's ability to meet contractual requirements. The minimum Basin Fund carryover balance is \$40 million.

Table 5 – CRC IMPLEMENTATION TIERS

Tier	Criteria, if the Basin Fund Beginning Balance is:	Notification
i	Greater than \$150 million with an expected decrease to below \$75 million	Annually (July)
ii	Less than \$150 million but greater than \$120 million with an expected 50-percent decrease in the next CY	
iii	Less than \$120 million but greater than \$90 million with an expected 40-percent decrease in the next CY	
iv	Less than \$90 million but greater than \$60 million with an expected 25-percent decrease in the next CY	Semi-Annual (July / January)
v	Less than \$60 million but greater than \$40 million with an expected decrease to below \$40 million in the next CY	Monthly

WAPA reserves the right to implement a CRC throughout the year if annual water releases from Glen Canyon Dam fall below 8.23 MAF, regardless of the Basin Fund balance.

If a CRC is implemented, CRSP MC will establish an energy Waiver Level (WL) using the CRC formula. Customers could accept either the CRC or WL. The WL provides WAPA the ability to reduce purchase power expenses by delivering less energy than its contractual obligations. For those Customers who agree to schedule no more energy than their proportionate share of the WL, WAPA would waive the CRC for that year.

If, in any month, the annual water release volumes from Glen Canyon Dam return to 8.23 MAF or higher while a CRC is in place, a new CRC will be calculated for the next month, and each Customer will be notified of the recalculated CRC results.

CRC sample calculations, narratives, and schedules are located on the CRC webpage:

www.wapa.gov/regions/CRSP/rates/Pages/cost-recovery-charge.aspx.

Comments

CRSP MC received 52 oral or written comments during the public consultation and comment period. The comments expressed have been paraphrased or consolidated, where appropriate, without compromising the meaning of the comments.

Comments on Firm Power Rates

A. Comment: Commentor urged WAPA to continue to refine elements other than purchased power in the PRS to result in the lowest possible rate, consistent with sound business principles.

Response: CRSP MC analyzed data including O&M work plans, 10-year plans for capital investment, and Customer agreements, as well as Customer input, to ensure rates are the lowest possible consistent with sound business principles.

B. Comment: Commentor requested that WAPA continue to reflect “expense reductions to the work plans as they become available,” until the latest possible date, as those work plan-related discussions are still underway.

Response: CRSP MC incorporated changes to the Reclamation and WAPA work plan reviews into the power repayment study as the information was made available including using WAPA’s FY 22 Work Plan instead of the FY 23 Work Plan. CRSP MC updated supporting data documents and posted them to the rate action website and included the results in the Rate Brochure updates.

C. Comment: Multiple commentors asked about the availability of firm transmission for Customers who do not elect WRF and what CRSP MC will do with surplus transmission.

Response: The CROD capacity will not be reduced. Available capacity up to the CROD is available for Customer use as WRP and CDP as provided in the Customers’ SLCA/IP firm electric service contracts. Surplus transmission, if any, would be made available through the OASIS based on existing policy and procedures.

D. Comment: Commentor expressed concerns over “rate shock” for small Customers

and stated the rate process provides very little time for Customers to design and implement retail rate adjustments that account for these changes. Commentor believes WAPA must consider this rate shock and what (if any) new value WAPA can provide to help offset this significant increase.

Response: CRSP MC understands that increasing rates impacts its Customers. CRSP MC operates on a cost-basis and must establish rates to collect sufficient revenue to meet operational expense and repayment obligations. Significant increases in purchase power costs warrant the need for the rate action. CRSP MC followed public notice requirements of the Administrative Procedure Act in setting forth this proposed rate change. CRSP MC implemented this short rate period so collaborative conversations with interested parties could occur over the next 2 years on the most effective use of available generation and long-term strategies for managing the cost of purchased power.

Comments on Services

A. Comment: Commentor believes WAPA's Customers must have the ability to convert some of their allocation into ancillary services to offset the financial impacts of the rate increase.

Response: All available energy is committed to firm power service deliveries.

B. Comment: One commentor asked WAPA to clarify whether the firm capacity and energy will be restored to Customers in the event the Colorado River Basin's hydrological conditions revert to historical levels.

Response: Should forecasted hydrological conditions improve, the DSA levels will rise providing additional energy allocations for Customers. AHP as defined in the SLCA/IP firm electric service contract will also be offered if hydrological conditions improve significantly within an established quarter.

C. Comment: One commentor does not agree with WAPA's position that the "Tribe under the benefit crediting contract would need to decide whether to receive WRF and

communicate that decision to its benefit crediting utility.” Commentor’s position is the election of WRF should be that of the benefit crediting utility, not the Tribe.

Response: CRSP MC has clarified this issue. WRF may be selected by the utility providing the benefit crediting service. This is like the existing treatment under the WRP program. The benefit crediting amount provided to a Tribe is to be calculated on the Tribe’s hydropower delivery amounts.

D. Comment: Commentor asked that WAPA ensure participants retain the option to independently purchase replacement power to cover shortfalls in CRSP production. The proposed opt-in process should be, at most, seasonal (every 6 months) to prevent adverse selection issues or last-minute decisions by individual members that change market conditions for all project participants.

Response: Customers can independently use their own resources or purchase their own firming power under the CDP program. To provide greater flexibility in responding to hydrology, CRSP MC has enhanced the DSA and WRF programs by using quarterly notices to the Customers. Although 6-month periods were originally proposed, Customers requested additional flexibility in determining which months to potentially purchase WRF. Quarterly notices will provide Customers additional flexibility in meeting their resource needs and provide CRSP MC more certainty about water releases and hydropower generation availability.

E. Comment: Commentor asked that WAPA protect preference Customers' firm transmission rights, so Customers can use their transmission rights for power delivered to make up for power WAPA cannot provide. Commentor asked that WAPA maintain the current practice for firm transmission for power delivered in lieu of WAPA power, which was implemented earlier in this ongoing drought.

Response: Available capacity up to the CROD is still available for Customer use as WRP and CDP.

Comments in Support

A. Comment: Multiple commentors provided favorable comments thanking WAPA for its willingness to collaborate through rate, resource, and work plan processes; inclusion of two topical virtual public forums to assist in Customer review and understanding of the WAPA-199 rate; appreciation for WAPA's Customer notification of materials being posted on the rate website; appreciation for WAPA's willingness to work with them to improve the capability and accessibility of the modeling tools used to analyze and produce CRSP rate scenarios in a timely manner; appreciation for WAPA's flexibility in providing a 14-day consultation and comment period after "final purchased power amounts" have been posted to its website; appreciation towards WAPA, CRSP staff, and Reclamation's work with Customers during this rate process and through the process referred to as the "work program review" process.

Response: CRSP MC appreciates the feedback and recognizes the benefits of collaborating with Customers and interested parties.

B. Comment: Two commentors expressed appreciation for CRSP MC's and Upper Colorado Region of Reclamation's approach to mitigating drought impacts and ensuring that the Basin Fund remains viable through the new rate components and continuation of the WRP and CDP processes, as well as the PRS and rates.

Response: CRSP MC appreciates the feedback.

C. Comment: Commentor expressed support for the revisions made to the CRC described in the Rate Brochure.

Response: CRSP MC appreciates the feedback on the CRC revisions.

Comments on Customer Communications

A. Comment: Two commentors requested WAPA continue timely communication, collaboration, and transparency with CRSP Customers on decisions, ongoing concerns, and potential impacts of recent Senate infrastructure funding.

Response: While the Senate infrastructure funding is out of scope for this rate action, CRSP MC understands the benefits of communication, collaboration, and transparency with its Customers in addressing potential rate impacts.

B. Comment: One commentor requested WAPA incorporate information/adjustments from pending Reclamation and WAPA reviews into the final proposed/provisional rate, and the results of that inclusion be provided to them.

Response: CRSP MC incorporated changes tied to the Reclamation and WAPA work plan reviews into the PRS as the information was made available. CRSP MC updated supporting data documents, posted them to the rate action website, and included the results in the Rate Brochure updates.

C. Comment: One commentor requested WAPA ensure Customers are notified of the Provisional Rate under this rate order prior to the issuance of Customer Notification of the DSA Season Update for Winter 2022 Season.

Response: CRSP MC provided the projected final rate on September 22, 2021, when it opened the *Customer Comment Period on Purchased Power and Generation*. The rate was subsequently decreased based on changes to project use power and CRSP MC's decision to use the FY 2022 work plan for the rate-setting period to reduce costs.

D. Comment: Commenter requested their most recent correspondence be included in the WAPA-199 record.

Response: CRSP MC filed all received comments in the decision of record for this rate process.

E. Comment: One commentor asked WAPA to continue its practice of collaboration and transparency for future decisions that affect CRSP Customers, such as costs for shaping and firming services as additional power is needed to maintain reliable supply.

Response: CRSP MC will continue its practice of collaboration and transparency.

Comments on Other

A. Comment: Commentor expressed recognition of the significance of the current drought conditions in the Colorado River Basin and the challenges that are being presented to WAPA and the CRSP Customers.

Response: CRSP MC appreciates the feedback.

B. Comment: One commentor expressed appreciation that the current scope of this rate order does not propose changes to ancillary services. Commentor wants any future changes to ancillary services to be part of a separate rulemaking.

Response: The current transmission and ancillary service formula rates established under Rate Order WAPA-190 required no modifications and continue to be effective under Rate Order WAPA-190 through September 30, 2025.

Second Comment Period Comments

A. Comment: Commenters expressed that it does not make sense to apply the CRC to all SHP and DSA because DSA is a subset of SHP.

Response: CRSP MC concurs. Since CRSP MC is only purchasing firming power to the DSA level, instances of SHP in the CRC will be replaced with DSA in the FRN and supporting documentation.

B. Comment: Commenters expressed that the CRC does not belong in the WRF cost recovery equation.

Response: CRSP MC concurs that WRF is exempt from the CRC calculation. The CRC only applies to the firming purchases up to the DSA level.

C. Comment: Commenter said, “Because any portion of a customer's SHP above DSA will necessarily be WRF, the CRC should not apply to the above-DSA amount.”

Response: CRSP MC concurs that the CRC only applies to firming purchases up to the DSA level and made conforming changes within the FRN and supporting documentation.

D. Comment: Commenter thanks WAPA for the additional comment period to respond to updated elements of its CRSP rate proposal, and for its continuing commitment to

transparency and collaboration in the rate-setting process.

Response: WAPA appreciates the feedback.

E. Comment: Commenter supports WAPA making “additional changes to the work plan”...and including them in the final rate package without “an additional comment period for Customer review.”

Response: The WAPA decision not to initiate an additional comment period was due to the changes decreasing the proposed rate. Had the recent update to the workplan increased the proposed rate, WAPA would have considered an additional comment period or delayed implementation of the change until the next rate action.

F. Comment: Commenter supports the change in the DSA and WRF to quarterly time frames, and the addition that Customers may elect specific months within the quarter, to receive WRF.

Response: CRSP MC appreciates the feedback.

G. Comment: Commenter urges ongoing customer collaboration to address hydrologic conditions and forecasts, Basin Fund targets (including any methodology changes which may be made), MOA transfer timing, non-power program and non-reimbursable funding and Congressional action.

Response: CRSP MC recognizes the benefits of customer collaboration in dealing with the drought and impacts on generation and the energy rates. CRSP MC will continue its practice of transparency by providing information as it becomes available.

H. Comment: Commenter supports the collaborative effort WAPA has made with Customers to develop long-term solutions to manage revenue requirements and cash flow.

Response: WAPA appreciates the feedback and recognizes the benefits of customer collaboration.

Certification of Rates

I have certified that the Provisional Rates for SLCA/IP Firm Power under Rate Schedule SLIP-F12 are the lowest possible rates, consistent with sound business principles. The Provisional Rates were developed following administrative policies and applicable laws.

Availability of Information

Information about this rate adjustment, including the Rate Brochure, PRSs, comments, letters, memoranda, and other supporting materials that were used to develop the Provisional Rates, is available for inspection and copying at the Colorado River Storage Project Management Center Office, 1800 South Rio Grande Avenue, Montrose, CO.

Many of these documents are also available on WAPA's website at

www.wapa.gov/regions/CRSP/rates/Pages/rates.aspx, or e-mail; CRSPMC-rate-adj@wapa.gov.

RATEMAKING PROCEDURE REQUIREMENTS

Environmental Compliance

WAPA has determined this action fits within the following categorical exclusions listed in appendix B to subpart D of 10 CFR part 1021.410: B4.3 (Electric power marketing rate changes) and B4.4 (Power marketing services and activities).

Categorically excluded projects and activities do not require preparation of either an environmental impact statement or an environmental assessment.¹ Specifically, WAPA has determined that this rulemaking is consistent with activities identified in B4, Categorical Exclusions Applicable to Specific Agency Actions (see 10 CFR part 1021, appendix B to subpart D, part B4). A copy of the categorical exclusion determination is available on WAPA's website at:

www.wapa.gov/regions/CRSP/environment/Pages/environment.aspx.

¹ The determination was done in compliance with NEPA (42 U.S.C. 4321-4347); the Council on Environmental Quality Regulations for implementing NEPA (40 CFR parts 1500-1508); and DOE NEPA Implementing Procedures and Guidelines (10 CFR part 1021).

Determination Under Executive Order 12866

WAPA has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.

Submission to the Federal Energy Regulatory Commission

The Provisional Rate herein confirmed, approved, and placed into effect on an interim basis, together with supporting documents, will be submitted to FERC for confirmation and final approval.

ORDER

In view of the above, and under the authority delegated to me, I hereby confirm, approve, and place into effect, on an interim basis, Rate Order No. WAPA-199. The rates will remain in effect on an interim basis until: (1) FERC confirms and approves them on a final basis; (2) subsequent rates are confirmed and approved; or (3) such rates are superseded.

Signing Authority

This document of the Department of Energy was signed on October 28, 2021, by Tracey LeBeau, Administrator, Western Area Power Administration, pursuant to delegated authority from the Secretary of Energy. That document, with the original signature and date, is maintained by DOE. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DOE Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format

for publication, as an official document of the Department of Energy. This administrative process in no way alters the legal effect of this document upon publication in the *Federal Register*.

Signed in Washington, DC, on November 2, 2021.

Treena V. Garrett
Federal Register Liaison Officer,
U.S. Department of Energy.

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION**

**COLORADO RIVER STORAGE PROJECT MANAGEMENT CENTER
SALT LAKE CITY AREA INTEGRATED PROJECTS**

**SCHEDULE OF RATES FOR FIRM POWER SERVICE
(Approved Under Rate Order No. WAPA-199)**

Effective:

The first day of the first full billing period beginning on or after December 1, 2021, and extending through December 31, 2023, or until superseded by another rate schedule, whichever occurs earlier.

Available:

In the area served by the Salt Lake City Area Integrated Projects.

Applicable:

To the wholesale power Customer for firm power service supplied through one meter at one point of delivery or as otherwise established by contract.

Character:

Alternating current, 60 hertz, three-phase, delivered and metered at the voltages and points established by contract.

Monthly Rate:

DEMAND CHARGE: \$5.25 per kilowatt of billing demand.

ENERGY CHARGE: \$12.36 mills per kilowatthour of use of Deliverable Sales Amount (DSA) energy.

Modification of Purchased Power:

WAPA will not automatically provide purchased power to firm to SHP energy allocations, nor will there be any purchased power costs under Rate Order WAPA-199 in the rate setting period in the power repayment study under Rate Order WAPA-199.

WAPA will establish the rates using the projected DSA data in the Bureau of Reclamation's (Reclamation) *August 2021 24-month Study* and Reclamation's August 2021 Colorado River Simulation System traces.

Western Replacement Firming (WRF):

WRF applies to pass-through purchased power costs for energy provided between the DSA level and SHP energy allocation. WRF is an optional product. Customers must elect quarterly, and may elect specific months within the quarter, to receive WRF. The charge for this purchased power will be determined at the time of the purchase based on market rates. There are no losses or an administrative fee charged to WRF. A schedule for the quarterly updates is in the rate brochure on the rate action web site:

www.wapa.gov/regions/CRSP/rates/Pages/rates.aspx.

Billing Demand:

The billing demand will be the greater of:

1. The highest 30-minute integrated demand measured during the month up to, but not more than, the delivery obligation under the power sales contract, or,
2. The Contract Rate of Delivery.

Billing Energy:

The billing energy will be the energy measured during the month up to, but not more than, the delivery obligation under the power sales contract.

Adjustment for Transformer Losses:

If delivery is made at transmission voltage but metered on the low-voltage side of the substation, the meter readings will be increased to compensate for transformer losses as provided in the contract.

Adjustment for Power Factor:

The Customer will be required to maintain a power factor at all points of measurement between 95 percent lagging and 95 percent leading.

Adjustment for Western Replacement Power (WRP):

Pursuant to the Customer's Firm Electric Service Contract, as amended, WAPA will bill the Customer for its proportionate share of the costs of WRP within a given time. WAPA will include in the monthly power bill the cost of the WRP, and the incremental administrative costs associated with WRP.

Adjustment for Customer Displacement Power (CDP) Administrative Charges:

WAPA will include in the Customer's regular monthly power bill the incremental administrative costs associated with CDP.

Adjustment for Minimum Power Pool:

If Lake Powell drops below "minimum power pool" and power cannot be generated, WAPA will provide 30 days' notice to the Customers prior to reducing the DSA.

Cost Recovery Charge (CRC):

To adequately recover and maintain a sufficient balance in the Basin Fund, WAPA uses a cost recovery mechanism, called a CRC. The CRC is a charge on all long-term energy sales provided under WAPA's SLCA/IP firm electric service contracts.

This charge will be, at a minimum, recalculated before July 1 of each year, and WAPA will provide notification to the Customers consistent with the procedures in 10 CFR 903. WAPA has the discretion to implement the CRC at any point throughout the year using the criteria in Table 1. The charge, if needed, will be placed into effect on the first day of the first full-billing period beginning on or after the first day of the month the CRC is implemented. For the purposes of the CRC, the 12-month period of a CRC will be described as a calendar year (CY). The CRC will be calculated as follows:

Table 1 – CRC Tiers

Tier	Criteria, if the Basin Fund Beginning Balance (BFBB) is:	Notification
i	Greater than \$150 million, with an expected decrease to below \$75 million	Annually (July)
ii	Less than \$150 million but greater than \$120 million, with an expected 50 percent decrease in the next CY	
iii	Less than \$120 million but greater than \$90 million, with an expected 40 percent decrease in the next CY	
iv	Less than \$90 million but greater than \$60 million, with an expected 25 percent decrease in the next CY	Semi-Annual (July / January)
v	Less than \$60 million but greater than \$40 million with an expected decrease to below \$40 million in the next CY	Monthly

CRC sample calculations, narratives, and schedules showing the dates for implementing a CRC throughout the year are located at the CRC webpage:

www.wapa.gov/regions/CRSP/rates/Pages/cost-recovery-charge.aspx.

Waiver Level (WL)

WAPA will establish a WL that provides WAPA the ability to reduce purchased power expenses by scheduling less energy than what is contractually required. Therefore, for those Customers who voluntarily schedule no more energy than their proportionate share of the WL, WAPA will waive the CRC for that year. After the Funds Available have been determined, the WL will be set at the sum of the energy that can be provided through hydro generation and purchased with Funds Available. The WL will not be less than the forecasted Hydro Energy.

Trigger for Water Release Criteria:

In the event that Reclamation's 24-month study projects Glen Canyon Dam water releases will drop below 8.23 million acre feet (MAF) in a water year (October through September), WAPA will recalculate the CRC to include those lower estimates of hydropower generation. WAPA, as in the yearly projection for the CRC, will give the

Customers a 45-day notice to request a waiver of the CRC if they do not want to have the CRC charge added to their energy bills. This recalculation will remain in effect for the remainder of the CY.

If the annual water release volumes from Glen Canyon Dam return to 8.23 MAF or higher during the trigger implementation, a new CRC will be calculated for the next month, and the Customer will be notified.

Trigger for New Rate Criteria

WAPA would reassess an implemented CRC when a new rate goes into effect to determine if the implemented CRC should be continued, superseded, or terminated.

Prior Year Adjustment for CRC:

Since the annual determination of the CRC is based upon estimates, an annual, prior-year adjustment (PYA) will be calculated for those who did not elect the waiver level. The PYA will be based on the 12-month period the CRC was in effect.

The Customers' PYA will be based on their prior 12-months' energy multiplied by the PYA mills/kWh to determine the dollar value that will be assessed. The Customer will be charged or credited for this dollar amount equally in the remaining months of the next 12-month billing cycle. WAPA will complete this calculation within 2 months of the end of the CRC. Therefore, if the PYA is calculated in June, the charge/credit will be spread over the remaining 9 months of the CY (July through March).

Adjustment for CRC Waiver:

Customers can choose not to take the full DSA energy supplied as determined in the attached formulas for CRC and will be billed the Energy and Capacity rates listed above, but not the CRC.